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FORTY-EIGHTH SESSION

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FIFTH COMMITTEE

70th meeting

held on

Wednesday, 29 July 1994

at 3 p.m.

New York

SUMMARY RECORD OF THE 70th MEETING

Chairman:

Mrs. EMERSON
(Vice-Chairman)

(Portugal)

Chairman of the Advisory Committee on Administrative
and Budgetary Questions: Mr. MSELLE

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In the absence of Mr. Hadid (Algeria), Mrs. Emerson (Portugal),
Vice-Chairman, took the Chair.

The meeting was called to order at 3.30 p.m.

AGENDA ITEM 138: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE
UNITED NATIONS PEACE-KEEPING OPERATIONS (continued)

Support account for peace-keeping operations (continued) (A/48/470/Add.1
and A/48/955)

1. Mr. STITT (United Kingdom) said that his delegation was not yet prepared to make a comprehensive statement on the question of the support account for peace-keeping operations, although it would like to make a number of comments, including some of a procedural nature. His delegation had more than once had occasion to note with regret that, as was apparent from the relevant reports of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), the necessary information was sometimes not given in the reports submitted by the Secretary-General. As a result, ACABQ had been unable to formulate for the Fifth Committee the clear recommendations which would enable the latter to take sound decisions on a number of items on its agenda.
2. That remark also applied to the support account for peace-keeping operations. The management of the account over the past two years had to some extent been shrouded in obscurity. That was a cause of concern to his delegation and probably to others as well. The Committee should have had at its disposal documentation enabling it to understand the reason for the support account's existence, where the money had gone and what needs it should be used to meet in future. In the circumstances, his delegation could not but agree with the Advisory Committee's observation that the report did not enable it to do so.
3. The Fifth Committee was indebted to the Chairman of ACABQ, who had at an earlier meeting commented more frankly than the Advisory Committee's report itself on a number of problems underlying the question of the support account. When considering the parameters of the support account in detail at the next session, delegations would have to be guided by the observations which the Chairman of ACABQ had made.
4. At the current meeting, the Committee was required to take an interim decision so that the question of posts currently financed from the support account could be settled in one way or another. His delegation had no objection to a decision to extend the financing of some 340 of those posts for a further month. It would make sense at the resumed session to prefer simplicity to thoroughness, to tackle the minimum required, and to defer consideration of those problems which were not urgent. In other words, it was necessary to determine only the number of posts which would be financed from the resources of the support account until the end of the calendar year.

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(Mr. Stitt, United Kingdom)

5. For the consideration of the question of the support account in the informal meetings, his delegation would like to receive additional information on expenditure from the support account over the past two years, which had amounted to tens of millions of dollars each year. It would also like to receive accounts for 1992 and 1993, with a breakdown by object of expenditure. It would be necessary to have information on both expenditures and income, with an indication of the cash balances (as at 1 January and 1 July of each year, for example), as well as reports (based on such data) with an indication of the posts financed from the resources of the support account.

6. Mr. MICHALSKI (United States of America) said that his delegation was unable to make informed comments on the item before the Committee because it had only just received the ACABQ report. His delegation therefore formally requested that it be given some time to peruse the report before the start of informal consultations on a draft resolution dealing with the support account. He endorsed the comments made by the United Kingdom representative concerning the documentation which the Committee needed and said that it would also need a detailed breakdown of regular-budget posts connected with peace-keeping operations. Furthermore, with regard to existing posts which had been authorized for one or another specific purpose, information was needed on whether those posts were really being used for the purposes intended.

7. His delegation would take a "zero-base" approach to planning the utilization of resources from the support account. The current practice was to take existing posts as the starting-point and then to consider only how many more posts were to be added. Such an approach had already created difficulties in the consideration of the regular budget, when all the efforts that had been made to streamline the budget had succeeded only in securing minor changes in the number of posts.

8. He requested the Secretariat to schedule the next formal meeting of the Fifth Committee to deal with the support account so as to give the Committee one or two days to study the ACABQ report carefully and to compare it with the Secretary-General's report. His delegation would like all statements and comments on the matter to be reflected in the record of the meeting so that the Committee would have something on which to base its future consideration of the question.

9. Mr. GOKHALE (India) said that his delegation had likewise not been able to study the ACABQ report carefully. Consequently, his remarks would be preliminary in nature. In section V of the Secretary-General's report (A/48/470/Add.1), reference was made to 630 posts required for the backstopping of peace-keeping operations. While recognizing the importance of peace-keeping operations, his delegation pointed out that the maintenance of international peace and security was not the international community's only priority and that it was necessary to maintain an appropriate balance with other aspects of the United Nations activities, in particular development and international cooperation.

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(Mr. Gokhale, India)

10. While agreeing that the Secretariat needed a nucleus of permanent posts for the backstopping of peace-keeping activities, his delegation concurred with the Advisory Committee that the need for 630 permanent posts had not been convincingly demonstrated and that the procedure for financing those posts from the regular budget had not been clearly explained. He wished to know by what criteria the Secretariat would be guided in establishing such a nucleus of posts. For the consideration of the matter, his delegation would like to have additional information which would take into account the fact that posts for the backstopping of peace-keeping activities were by their very nature temporary and hence should not entail any increase in the number of regular-budget posts. The information should indicate the current number of peace-keeping posts financed under the regular budget and their specific functions, as well as the minimum number of permanent posts which the Secretariat needed to carry out those functions. If additional posts were needed, it would be necessary to indicate clear-cut criteria for their establishment and identify the sources of financing. Any increase in the number of posts relating to peace-keeping activities should be without prejudice to United Nations activities in the fields of social and economic development, especially in view of the insistence of a number of delegations on the need for a zero-growth approach in the preparation of the budget for the biennium 1996-1997.

11. His delegation was on the whole in agreement with the observations contained in the Advisory Committee's report concerning the question of additional posts. It also agreed with the comment by the United Kingdom representative that at the current stage only the question of extending the existing 342 posts for one month should be considered, while the Committee would be in a position at its resumed session, after having considered the entire question of the support account for peace-keeping operations, to deal with the question of approving both the existing 342 posts and the additional 60 posts for the period until December 1994.

12. Mr. KUZNETSOV (Russian Federation) said that the remarks of his delegation would be preliminary in nature, since, like other delegations, it had not had sufficient time to study the documents before the Committee. With respect to the format and content of the Secretary-General's report (A/48/470/Add.1), he said that, above all, full financial information should have been provided concerning the support account. Unfortunately, such information was not to be found in the document which had been submitted; some information was contained only in the report of the Advisory Committee, but it was clearly insufficient. In that connection, his delegation fully supported the request by the United Kingdom representative that such information should be provided for the informal consultations.

13. In his report on the support account for peace-keeping operations dated 18 September 1990 (A/45/493), the Secretary-General had proposed to study the method of financing such operations at the end of the first two years in the light of the practical experience gained. In that connection, for example, an average ratio of 8.5 per cent was suggested as a first step, on the understanding that it would be reviewed and that, if necessary, adjustments

(Mr. Kuznetsov, Russian Federation)

would be proposed in the context of reporting on the account. As early as 1990, the Advisory Committee and the General Assembly had expressed reservations concerning the use of an average ratio on the grounds that it did not reflect the varied requirements of the different peace-keeping operations. Unfortunately, no arguments or justifications were put forward in the report for maintaining the average ratio at its current level or adjusting it upward or downward, although that was one of the important aspects of the operation of the account.

14. A more careful approach should probably be taken to the list of criteria adopted in 1990. There was no information in the report about how those criteria were being observed, whether they were rational and what changes needed to be made to them, yet they had been adopted also on the understanding that they could be reviewed in the light of the experience gained. Paragraph 32 (e) of document A/48/470/Add.1, which automatically listed the criteria established in 1990, omitted an important element from the 1990 report (A/45/493, para. 16 (e)) in which it was proposed that, prior to their adoption, all proposals for the creation of posts must be formally submitted to the Office of Human Resources Management for classification. It was his delegation's understanding that none of the posts requested had been classified. How could the Committee approve the request for P-3, P-4 and P-5 posts when the posts had not been classified, especially since the posts involved were Headquarters posts?

15. The report provided no clear picture of how the posts already approved for financing from the support account were distributed: whether they were being used in the units for which they had been approved or whether they had been classified. The problem was touched on in part in the report of ACABQ (A/48/955, para.32). His delegation also agreed with the view expressed by ACABQ in paragraph 19 of that report that posts for peace-keeping operations support were by nature temporary. In an earlier report submitted at the forty-fifth session, ACABQ, indicating its concern over the large number of permanent contracts financed from the account, had expressed the hope that the Secretary-General would endeavour to maintain the proper relationship between the various types of contracts. Unfortunately, the report of the Secretary-General failed to provide full information on that point, too.

16. As noted in the report of the Secretary-General, a number of units were undergoing structural changes and, although the changes had not been completed, additional posts were requested for those units. For example, in paragraph 57 of annex IV to the report, it was stated that the Field Missions Procurement Section would be reorganized into a separate service for which 10 additional posts were requested. That would signify a definite departure from the organizational infrastructure which had developed. Some thought should be given to whether approval of the ten posts requested would involve the approval also of the new infrastructure or the expansion of the old infrastructure, which would give rise to questions regarding all the new posts and the acquisition of new equipment and property. Some thought should also be given to the question of whether the existing problems could be resolved by the combining of functions

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(Mr. Kuznetsov, Russian Federation)

and a broader analysis of the place and role of, for example, the Procurement Section in the context of the general servicing of United Nations operations and missions, taking into account the fact that in a number of cases the Field Operations Division carried out procurement functions.

17. In conclusion, he said that the report of the Secretary-General on the support account for peace-keeping operations did not make an in-depth and extensive analysis of the key questions of the funding of the account, but simply requested additional posts to be funded from the resources of the support account. His delegation recognized that it was impossible to resolve even part of the problems raised in the next few days of the Committee's work and thought that the Committee should revert to the question in the autumn, at the forty-ninth session, and should now adopt an approach similar to that of ACABQ. In that connection, the proposal put forward by the United Kingdom representative merited study and support.

18. The CHAIRMAN suggested that the Committee should adopt the following draft decision without a vote:

"The General Assembly,

"Decides to maintain the current level of resources approved under the support account for peace-keeping operations for the month of July 1994."

That would allow the Committee to revert to the question when it resumed its work.

19. The draft decision was adopted.

OTHER MATTERS

20. Mr. MICHALSKI (United States of America) requested the Secretariat to inform the Committee about the status of the report of ACABQ on the report of the Secretary-General on staff assessment and when it would be made available to the General Assembly.

AGENDA ITEM 149: FINANCING OF THE UNITED NATIONS OPERATION IN MOZAMBIQUE (continued) (A/48/849/Add.1 and A/48/956)

21. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on Administrative and Budgetary Questions (A/48/956), said that, when ACABQ had submitted its report on the financing of the United Nations Operation in Mozambique (ONUMOZ) to the General Assembly, the Security Council had been about to take a decision to establish a large civilian police component in Mozambique and to reduce the number of troops. The Council had also been about to request the Secretary-General to implement that decision without any increase in the cost of the operation and without prejudice to the effective discharge of its mandate. In his report, the Secretary-General had put forward a specific

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(Mr. Mselle)

proposal for a reduction in the number of troops which would result in a decrease of \$19.4 million in military personnel costs and an increase of \$19.9 million in civilian police costs. In other words, the resources allocated to cover military personnel costs would be reallocated to meet the requirements of the civilian police. Moreover, the Secretary-General had indicated the need for additional posts. Thus, the volume of resources requested in the estimates under consideration exceeded the amount in the earlier estimates by more than \$13 million. It should be remembered that the General Assembly had authorized the Secretary-General to enter into commitments not exceeding the sum of \$26.9 million a month for the period beginning 1 May 1994. The volume of resources now proposed by the Secretary-General did not correspond to that sum. In the light of the foregoing, the Advisory Committee, having considered the estimates, recommended the appropriation and assessment on Member States of an additional amount of \$111.5 million gross to meet the continued operation of the mission from 1 May to 15 November 1994, taking into account the amount already appropriated and assessed.

22. The Advisory Committee did not have before it any performance report for the period 1 November 1993 to 30 April 1994 and it had therefore been unable to determine more precisely the volume of resources which it should recommend for approval by the General Assembly for the period covered by the Security Council decision. For that reason, ACABQ recommended that the question of the apportionment of the additional \$13 million mentioned in the report and the question of the costs related to the liquidation of the mission should not be considered at the current stage. The Advisory Committee requested the Secretary-General to submit the most up-to-date performance report one month before the expiration of the current mandate period. That report should also contain information about the additional resources requested for the period 1 April to 15 November and the exact total of the costs related to the liquidation of the mission.

23. Mr. TAKASU (Controller) said that the Secretariat had taken all possible measures to reduce the costs of ONUMOZ. Drawing attention to the difficult financial situation of the operation, he said that, after the report containing information on the subject had been submitted to the Advisory Committee, the situation with regard to the accounts of the mission had deteriorated and at the present time there was no cash in hand. In that connection, resources would have to be borrowed from the budgets of other operations. It should be noted that a number of other operations, not only CNUMOZ, were in the same serious and difficult situation.

24. Mr. GOKHALE (India) said that his delegation shared the concern of ACABQ regarding the omission from the report of the Secretary-General under consideration of information concerning the reimbursement of troop-contributing countries and a possible timetable for reimbursement. Similar concern regarding delays in the reimbursement of costs had already been expressed during the debate in the Fifth Committee on the agenda item on the financing of the United Nations Transitional Authority in Cambodia (UNTAC). The question had also been raised in the report of the Secretary-General on the administrative and

(Mr. Gokhale, India)

budgetary aspects of the financing of United Nations peace-keeping operations (A/48/945). In that connection, the Secretariat should be urged to take measures to ensure that all reports of the Secretary-General on the financing of individual peace-keeping operations contained information on the situation with regard to the reimbursement of troop-contributing countries.

25. His delegation was also concerned that the outstanding assessments due from Member States amounted to one third of the total amount of assessed contributions for the financing of ONUMOZ. The experience of UNTAC showed that a lack of resources during the liquidation phase of an operation resulted from the fact that Member States stopped paying their contributions. That meant that the troop-contributing countries did not receive the requisite reimbursement and led some of them to reconsider radically the advisability of making further contributions of troops. It was to be hoped that, in view of that situation, the representatives of the Secretariat at the highest level would be able to convince Member States of the need to pay their contributions. Moreover, in connection with the question of the liquidation of ONUMOZ, reference should once again be made to the experience of UNTAC. The lack of resources for that operation had resulted, on the one hand, from the failure of Member States to pay the contributions assessed on them and, on the other, from the decision of the General Assembly to transfer the assets of UNTAC, amounting to almost \$100 million, to other operations - in order to keep down the common costs of peace-keeping operations - without crediting the corresponding amounts to the special UNTAC account. If those resources had been in the special account, it would have been possible not only to finance the liquidation phase of the operation but also to make reimbursement payments to the troop-contributing countries. A sizeable contingent of Indian troops was in Mozambique and his delegation would not like to have to inform its Government once again that it could not be reimbursed in view of the aforementioned problems. In that connection, the Secretariat should take India's position into account in preparing the proposals for the liquidation of ONUMOZ.

26. Mr. MICHALSKI (United States of America), referring to the question of reimbursements to troop-contributing countries, noted that a situation had arisen in which various countries rejected the inequitable situation with regard to such reimbursements. In that connection, he hoped that the procedure for making use of the Organization's resources would be improved.

27. With regard to the immediate question of ONUMOZ, he regretted the lack of a progress report on its work and noted that, in his delegation's opinion, the explanations which had been offered on that score were not entirely convincing. As for the recommendations of ACABQ, he noted with satisfaction that many of them had been taken seriously and implemented. His delegation was grateful to the Secretariat for its decision to reduce the number of electoral observers financed from the ONUMOZ budget. The Secretariat had also implemented the ACABQ recommendation for a reduction in the number of local staff, which, in the opinion of his delegation, had been too high. In that connection, he wished to receive assurances from the Secretariat that the electoral observers financed from sources other than the ONUMOZ budget would receive appropriate support. With regard to the travel costs of civilian personnel, he requested the

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(Mr. Michalski, United States)

Secretariat to submit information about the cost of transporting accompanied and unaccompanied baggage. On the question of renting accommodation, he would like to know the reason for the 15-per-cent budget increase in the rental for a hotel in Maputo - a cost which in his opinion had already been too high - and what progress had been made in constructing premises from prefabricated units, a topic which had been addressed in the previous budget. On the question of communications, he requested the Chairman of ACABQ to explain the meaning of paragraph 16 of the report, which referred to the projected acquisition of VSAT Earth stations at a total cost of \$2 million. Despite repeated requests by his delegation, no clear and direct explanations had been forthcoming from the Secretariat. Before any work was started on a long-distance communications project, his delegation would like to know what ACABQ had in mind when it referred to the problems involved, whether they had been resolved, and whether they resulted from the specific situation in Mozambique or whether they related to the whole question of the acquisition of new communications technology.

28. With regard to the question of staff assessment, he recalled that he had already requested the Secretariat to submit information on the tax status of local staff involved in peace-keeping operations: whether they were liable for taxation, and, if so, whether the United Nations should pay them appropriate compensation. He believed that the Secretariat should give clear answers to those questions and submit information about staff assessment and the Tax Equalization Fund. Lastly, he referred to the Security Council resolution on the financing of the civilian police observers which the General Assembly had included in its most recent resolution on Mozambique. His delegation believed that the volume of appropriations should be set at a fixed level. On the question of external audit appropriations, he said that he would like to know the opinion of the Under-Secretary-General for Administration and Management on whether it would be qualitatively possible to carry out an audit if \$11,700 was earmarked for that purpose over a six-month period. His delegation doubted whether that was possible. It was concerned that, despite numerous requests, the Secretariat had not taken any steps to increase the volume of appropriations for external audit. Referring to one of the documents, he said his delegation believed there could be no doubt about the Secretary-General's priorities, since, according to that document, he proposed to allocate approximately \$120,000 a year for his Special Representative's housing expenses, whereas less than US\$ 70,000 was allocated for external audit. It was to be hoped that consideration of that question had not been concluded and he expected that the Secretariat would be given an opportunity to respond to the questions raised earlier and that its response would be reflected in the summary record.

29. Mr. HOSANG (Director, Peace-keeping Financing Division) said that replies to questions raised by various delegations in connection with ONUMOZ financing would be provided at the next formal or informal meeting. The Secretariat had already provided answers to some questions, but they might not have satisfied all delegations. It would therefore make another attempt to answer those questions.

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OTHER MATTERS

30. Mr. NIAZI (Assistant Secretary-General for Inspections and Investigations), referring to a question raised at a previous meeting in connection with the United Nations Operation in Somalia (UNOSOM) and the theft of \$3.9 million in Somalia, said that a report of that theft had reached UNOSOM on 17 April, and an investigation team had set out for Somalia on 19 April. He explained that a number of delegations had been asked to provide assistance by offering the services of skilled investigators, and he was deeply grateful to the Ambassador of the United Kingdom for the help provided by Scotland Yard. Since only the preliminary findings had been made available, the information would be published when Scotland Yard's final report had been received.

31. Mr. MICHALSKI (United States of America) noted that the United States had also offered the services of its State Department in the matter and it would like to know more about the circumstances of the case, if that would not be prejudicial to the investigation, in order to get a clearer picture of how the money could have been misappropriated and whether any violations of controls had taken place.

32. Mr. NIAZI (Assistant Secretary-General for Inspections and Investigations) said that no banks were at present operating in Somalia, and therefore most financial transactions were conducted in cash. During the specific period in question, when certain military units were being redeployed, the cash fund of US\$ 1 million which had been earmarked for them had been sent back to the cashier's office. Cash was delivered to Somalia by air from abroad, in the instance in question from Singapore. The incoming money had been counted and registered. In addition, enormous sums were circulating in local currency.

33. Representatives from the audit organs had already raised the issue of safe custody for cash with the administration, because the very idea of a large amount of money being kept in one place could constitute a temptation. The administration had taken the necessary measures and had constructed a storage facility with steel doors and a sliding steel grille. The building housed a large safe. He noted that the cashier's office and the storage facility were located in different places, which necessitated transferring cash from one to the other. The cashier had concluded that it was safer to keep money in his office than in the storage facility. The cashier's office contained a steel cupboard with a combination lock and keys to each of its drawers. The cupboard was currently in London, where forensic experts were attempting to establish whether there had been a break-in or whether the cupboard had been made to look as if it had been broken into after it had been opened.

34. The risks connected with storing the money had been further aggravated by the fact that a considerable number of people had known about it, including representatives of trade organizations which had dealings with the United Nations. Moreover, unfortunately, a failure to comply with basic instructions had also contributed to the disappearance of the money. One such instruction prohibited anyone from entering the cashier's office while carrying a briefcase, package, box, or any other object which could be used to remove something. Owing to the hot weather, however, it had been recommended that the staff should

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(Mr. Niazi)

consume large quantities of water, and they had therefore brought in a crate or box containing bottles of water. One theory was that the money had been taken away in such a box.

35. The installations in question were located in an area covering approximately 40 acres. Consequently it was hard to talk about erecting some sort of barrier or providing security over such a wide area. Nevertheless, as a result of the incident, measures had now been taken with a view to reducing any future risk to a minimum. The cashier's office, which had formerly been housed in a prefabricated unit, had been transferred to the building which housed the storage facility. Grilles had been installed at all the windows, and there were plans to install sensors in the building which would be activated by any movement at times when nobody was supposed to be there. The functions of ensuring access to the cash were currently divided among three people, none of whom was allowed access to the cash separately.

36. The incident had led to the belief that it was essential to ensure constant compliance with the basic controls. It had previously been proposed that a considerable volume of resources should be allocated to the development of systems that would make it possible to avoid such incidents. Unfortunately, however, it was necessary not only to develop such systems, but also to ensure that they functioned effectively. Auditors were therefore at present working in the United Nations Protection Force (UNPROFOR) and UNOSOM, their principal duty being to ensure constant compliance with standard controls. More than 15 attempts had been made to forge cheques worth a total of approximately \$3 million. In most cases the forgery had been detected in time, but much time and money had been wasted. He believed that the situation with regard to ensuring the security of financial operations had improved and that no incidents on such a scale would occur again.

The meeting rose at 5.15 p.m.